

Message Text

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C O N F I D E N T I A L SANTIAGO 0710

EO 11652: GDS

TAGS: PFOR, CI, PE

SUBJECT: KUBISCH-HUERTA MEETING: GOC CONCERN ABOUT PERU

REF: SANTIAGO 0661

1. FOLLOWING IS DRAFT MEMCON WHICH HAS NOT BEEN SEEN BY ASSISTANT SECRETARY KUBISCH. IT SHOULD NOT BE DISTRIBUTED UNTIL APPROVED BY HIM.
2. FOREIGN MINISTER HUERTA RAISED QUESTION OF PERU AS THE ONE POLITICAL ITEM HE WISHED TO DISCUSS AND SPOKE ALONG FOLLOWING LINES: THERE IS, OF COURSE, A LONG-STANDING PROBLEM WITH PERU. HOWEVER, THE PRESENT PROBLEM IS DIFFERENT. IN 1968 THE PERUVIAN ARMED FORCES ASSUMED POWER TO CONTROL THE COUNTRY AND REDISTRIBUTE INCOME. SUBSEQUENTLY, A SPLIT HAS DEVELOPED WITHIN THE PERUVIAN ARMED FORCES. IN THE CHILEAN VIEW, THE MINISTER OF ENERGY AND MINES FERNANDEZ MALDONADO, MINISTER OF FISHERIES TANTALEAN VANINI, MINISTER OF INDUSTRY AND COMMERCE JIMENEZ DE LUCIO AND THE COMMANDER OF THE LIMA MILITARY ZONE ALL HAVE A RADICAL TINGE. GENERAL TANTALEAN HAS ALSO DECLARED PUBLICLY, ON MORE THAN ONE OCCASION, THAT WAR WITH CHILE IS INEVITABLE. PRESIDENT VELASCO IS VERY ILL AND THERE IS A QUESTION OF WHO WILL SUCCEED HIM. IN THESE CIRCUMSTANCES, EVEN THOUGH PERU CANNOT WANT A WAR WITH CHILE, THERE IS A POSSIBILITY THAT SOMEONE COULD START A WAR.
3. WITH THE OVERTHROW OF THE ALLENDE REGIME IN CHILE, FONMIN CONTINUED, THE "POINT OF THE LANCE" OF THE SOVIET-CUBA-PANAMA-PERU-CHILE AXIS FOR PENETRATION OF LATIN AMERICA WAS BLUNTED.

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THE EFFECTS OF THIS ARE NOW VISIBLE IN LIMA WITH THE PERUVIAN

PURCHASE OF MILITARY MATERIEL FROM THE USSR. THE SAME OFFERS THE SOVIETS PREVIOUSLY MADE TO CHILE ARE NOW BEING MADE TO PERU. ACCORDING TO GOC INFORMATION, THE PERUVIANS HAVE PURCHASED 200 SOVIET TANKS. PERU HAS STRENGTHENED ITS FLEET AND HAS PURCHASED SUPERSONIC AIRCRAFT AND WANTS MORE. PERU HAS RECEIVED UNARMORED MOTORIZED PERSONNEL CARRIERS FROM BRAZIL. THE GOC UNDERSTANDS THAT PERU IS INTERESTED IN THE ACQUISITION OF TANKS FROM VENEZUELA AND F-5 AIRCRAFT FROM THE U.S. THE GOC IS DEEPLY CONCERNED AT THE POSSIBILITY THAT SOME OF THE RADICAL CONTENDERS FOR POWER IN PERU WILL EXPLOIT PERUVIAN REVANCHIST SENTIMENT WITH A SOUTHERN DRIVE AGAINST CHILE IN OVERWHELMING STRENGTH.

4. ADMIRAL HUERTA SAID THE GOC HAD TWO REQUESTS: FIRST, THAT NO MORE ARMS BE PROVIDED TO PERU; AND SECOND, THAT THE U.S. DEMONSTRATE THE MAXIMUM UNDERSTANDING FOR CHILE IN ANY WAY WHICH MIGHT OCCUR.

5. HUERTA SAID HE HAD TOLD PERUVIAN FOREIGN MINISTER DE LA FLOR THAT CHILE ALREADY HAD PROBLEMS ENOUGH AND WANTS NO TROUBLE WITH PERU. HE SAID THAT UNLIKE THE LATIN AMERICAN FREE TRADE AREA (ALALC), THE ANDEAN PACT HAS REAL POSSIBILITIES. IF THE THREAT OF WAR CAN BE AVOIDED, CHILE CAN CONTINUE ITS COOPERATION WITH ANDEAN PACT MEMBERS, AND HE IS OPTIMISTIC ABOUT THE FUTURE. THE GOC DOES NOT WANT TO HAVE THESE PROSPECTS REVERSED BY ARMED CONFLICT.

6. KUBISCH REPLIED ALONG FOLLOWING LINES: THE USG ALSO IS WATCHING PERUVIAN DEVELOPMENTS CAREFULLY. AT THE SAME TIME, WE ARE TRYING TO IMPROVE OUR OWN BILATERAL RELATIONS WITH PERU, WHICH HAVE NOT BEEN GOOD FOR THE LAST FOUR OR FIVE YEARS. WE HAVE HAD SERIOUS PROBLEMS OVER U.S. INVESTMENTS IN PERU, INCLUDING THE IPC CASE, U.S. INVESTORS IN THE FISHMEAL PROCESSING INDUSTRY, AND FIVE OR SIX OTHER SERIOUS CASES. IN ADDITION, WE HAVE HAD PROBLEMS WITH REGARD TO OUR TUNA FLEET, PERU'S CLAIM TO A 200-MILE TERRITORIAL SEA AND ARMS SALES. IT IS IMPORTANT THAT U.S. RELATIONS WITH PERU BE IMPROVED TO INSURE THAT WHILE PERU FOLLOWS ITS OWN COURSE, IT REMAINS PART OF THE WESTERN HEMISPHERE COMMUNITY AND DOES NOT FALL IN

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WITH POWERS OUTSIDE THIS HEMISPHERE. WE WERE VERY CONCERNED AT THE SOVIET TANK SALE. HOWEVER, WE BELIEVE THAT TO TURN OUR BACKS ON PERU WOULD MAKE THE SITUATION WORSE. IN OUR VIEW, WE BELIEVE WE SHOULD WORK TO STRENGTHEN MODERATE FORCES IN PERU.

7. ADMIRAL HUERTA AGREED WITH THE LOGIC OF ATTEMPTING TO STRENGTHEN THE PERUVIAN MODERATES.

8. KUBISCH OBSERVED THAT IT WAS ALSO HIS IMPRESSION THAT WHILE CHILE WAS CONCERNED ABOUT PERU, PERU WAS CONCERNED ABOUT CHILE. ADMIRAL HUERTA ACKNOWLEDGED THAT AT LEAST THAT IS WHAT THE PERUVIANS SAY.

9. KUBISCH SAID THAT THE LAST THING WE WANT TO SEE IN THIS HEMISPHERE IS AN ARMS RACE WHICH WOULD DIVERT NATIONAL RESOURCES AWAY FROM ECONOMIC AND SOCIAL DEVELOPMENT, WHERE THEY ARE SO BADLY NEEDED. THE FOREIGN MINISTER AGREED.

10. KUBISCH SAID THE U.S. AND CHILE MUST STAY IN CLOSE TOUCH ON THIS MATTER. HE NOTED THAT THE PERUVIANS ARE VERY CONCERNED AT THE U.S. DESTROYER SALE TO CHILE. KUBISCH SAID THE QUESTION OF ARMS SALES PRESENTS US WITH A REAL DILEMMA, AND WE SHOULD CONSULT CLOSELY WITH CHILE. FOR EXAMPLE, WHAT SHOULD WE DO WHEN THE CHILEAN ARMED FORCES WANT TO BUY SUPERSONIC AIRCRAFT AND OTHER MAJOR ITEMS? AND WHAT SHOULD WE DO IF PERU WANTS TO DO THE SAME?

11. KUBISCH SAID HE KNEW THE GOC WAS INTERESTED IN U.S. MEDIUM TANKS AND THAT THE CHILEAN AIR FORCE WANTED TO PURCHASE F-5 AIRCRAFT ON COMMERCIAL TERMS, A TRANSACTION REQUIRING AN EXPORT LICENSE. HE EXPRESSED THE HOPE THAT THE USG COULD RESPOND TO BOTH THESE REQUESTS IN A MATTER OF A FEW WEEKS. AT THE SAME TIME, HE NOTED THE DANGER OF PROVOKING A REACTION IN CONGRESS TO THE EFFECT THAT IF THE CHILEANS INSIST ON SPENDING THEIR MONEY ON ARMS, WE SHOULD NOT PROVIDE ECONOMIC ASSISTANCE.

12. IN CONCLUSION, KUBISCH SAID HE AGREED WITH THE FOREIGN MINISTER'S VIEWS ON THE IMPORTANCE OF SUB-REGIONAL COOPERATION, WHICH MUST BE ENCOURAGED.

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